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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/34

27 May 1957

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
10 - 23 May 1957

The increased involvement of the USSR in the industrial program of India and in the nuclear research program of Egypt was the most significant Sino-Soviet Bloc activity in the underdeveloped countries of the Free World during the period 10 - 23 May 1957. Other meaningful activities of the Bloc during the period included the agreement of the USSR and Poland to pay Suez Canal tolls to Egypt in convertible currency and the report of increased trade between Yugoslavia and East Germany.

The program of the government of India for developing the Indian heavy machinery industry, announced on 10 May, includes recommendations both from Soviet and from UK technical experts. Financial assistance for the program, estimated to cost between \$168 million and \$189 million, is expected from the USSR, the UK, West Germany, and possibly Czechoslovakia. Of the six projects planned in the program, the USSR will construct the first two, a heavy-machine-building plant and a mining machinery and equipment plant, at an estimated cost of \$136 million. The foreign exchange costs of \$84 million reportedly will be financed out of the long-term credit of \$126 million which India accepted from the USSR in November 1956.

In early April, additional equipment for the nuclear physics laboratory being constructed in Egypt by the USSR arrived in Alexandria. Although the nuclear reactor for the project has not as yet been shipped from the USSR, Egypt plans completion of the laboratory by March 1958. Soviet scientists are aiding in the building of the project and are expected to remain in Egypt to guide early operations of the laboratory. Egyptian students are currently receiving training in nuclear science in the USSR.

Poland and the USSR have accepted Egyptian requirements that Suez Canal tolls be paid in convertible currency. Despite reports to the contrary in the press, no serious dispute between Egypt and the countries of the Soviet Bloc on this issue is apparent.

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Despite the rupture in trade talks between the Chambers of Trade of Yugoslavia and East Germany in February 1957, the level of trade between the two countries is now higher than in 1956. Trade between these countries in January and February 1957 was 51 percent greater than during the same months in 1956.

Yugoslavia, by 31 December 1956, had drawn \$54.8 million (or 11 percent) of the estimated \$464 million in Soviet and Satellite credits granted Yugoslavia during 1956, according to a recent Yugoslav debt statement. The Yugoslav press also has announced that during 1957 Yugoslavia has contracted for \$45.5 million in Soviet and Satellite credits.

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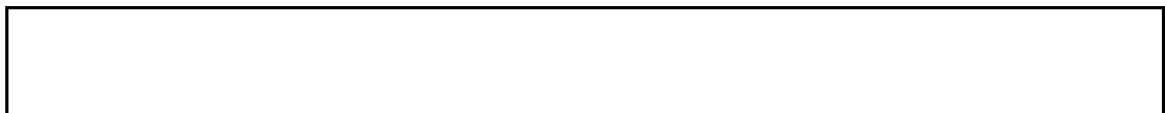
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